The Unspoken Budget Item Guaranteeing Cushy Retirements To State Employees

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What the State of Florida is giving to their retirees – as a supplemental pension bonus – could substantially reduce Florida's property taxes.

Recently, Florida Governor, [Ron DeSantis, introduced his "Floridians First" budget for the year], without saying a word about the ***$40 billion unfunded liability*** hanging over the heads of every resident. Within that liability lies the solution for property tax reduction.

The state budget requested by DeSantis, for his last year in office, is [$117.36 billion, around $2 billion larger than the current fiscal year's budget]. He says he is preparing for the property tax reduction/elimination discussions to come. Once again, DeGov needs to listen to his citizens.

An organization of concerned citizens, [Tripledippers.org] knows how to help! TripleDippers.org is a group of state residents which has spent years analyzing the Florida pension systems. What you will learn from them is cautionary, and applicable to many states across the country.

Elimination of the very “sweet” pension cash bonuses which have caused this massive liability in Florida, would go a long way to fund those property tax reductions that DeSantis likes to talk about. Read on to learn more about the triple dipping going on, and what the citizens’ group has to say.

In his recent speech, DeGov made no mention of the $40 billion in unfunded liabilities, which is over 34% of his proposed budget. You will see why.

That huge UNFUNDED liability is due to the state employees’ supplemental retirement plan called “DROP” (Deferred Retirement Options Program) which gives cushy retirement benefits to many state employees

DROP is a voluntary retirement option available to FRS (Florida Retirement System) members who are pension plan participants who are eligible for normal retirement. When an employee enters DROP, they essentially turn on their pension benefit, and the monthly retirement payments are deferred and deposited into an interest-bearing account. During the time an employee is in DROP, he continuse to work and earn a regular salary. Upon exiting DROP, employees receive a lump-sum payment of the accumulated DROP account balance, **in addition to their regular monthly pension payments**. (emphasis mine)

DROP was put into place in 1999 by Jeb Bush, where he allowed for 5% of an employee’s salary to be paid in; DeSantis raised that to 8%, in 2023 by signing SB 7024. Good for employees; bad for the public. Jeb was warned at the time, by other state governors like Scott Walker of WI, that such a plan could lead to trouble. The bill establishing DROP was strongly supported by unions, however, whose support Gov. Jeb was looking to purchase.

Supposedly, Jeb put DROP in place to retain people with certain skill sets.

I call bunk on that.

Many of these skilled individuals in Florida have not updated their skill sets in the past 40+ years, and there was no requirement to do so, that I've found. With the rapid growth of "knowledge pockets" or minimally required information/skills in various industries older workers are often behind in updates needed. They may know their way around that tricky coffee machine in the office, but…

*In addition, Jeb's Family's Common Core Education programs (1992 on) – which turned over the education of our children to the government – immediately began to teach **disregard for elders and what they know**. Colleges even carried whole classes in their curriculum about why NOT to listen to older people, a fact I learned from a 2017 William and Mary graduate. New, fresh ideas were supposed to be the best; hang all that "experience is the best teacher" stuff.*

Why DeSantis raised the allowed pay-in to 8% is anybody's guess. Go ahead and fill in the blank…. Going along with his buddy, Jeb, is one that pops to my mind…

To be honest, neither Jeb Bush nor Ron DeSantis are fiscal conservatives. Florida general fund spending skyrocketed Jeb's 8 years in Tallahassee, from $18 – $28.2 billion, says the Cato Institute. DeSantis scores worse.

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Just to be clear, the Sunshine State has TWO retirement plans: **The Florida Retirement System's (FRS), the regular retirement program** established under Internal Revenue Code (IRC) Section 457b. , **and DROP, the Deferred Retirement Options Program**. DROP is established by state law.

DROP provides retirement income over and above all other plans. For life. The payments are monthly, and the risk is low (state-backed with no market exposure), unlike funds that are traded on public exchanges.

“State-backed” means “taxpayer backed”. Of course.

Here’s how it works. Public employees reach retirement age but don’t retire. Instead, they continue at their current jobs, and draw on the supplemental DROP plan. Any days off which are available but not taken, are allowed to accumulate at the highest salary level, not the level of the employee’s salary when the days off were incurred.

$40 billion of unfunded liabilities from this plan have accrued to date, and the Florida taxpayer is on the hook for it all.

As **Leonard Gilroy** of the Pension Integrity Project at the Reason Foundation points out, “if the system is underfunded, the money has to come from somewhere, and the larger the pension debt grows, the more that pension costs crowd out public services like safety, corrections, and healthcare.

A group of hard-working committed Floridians, calling themselves “tripledippers.org”’ has spent thousands of hours and personal dollars to bring this mess to the surface. GO TO THEIR WEBSITE. You will learn a lot.

Here’s how it goes. Public employees reach retirement age but don’t retire. Instead, they continue at their current jobs, and draw on the supplemental DROP plan. Taking days off? Those days off not taken, are allowed to accrue at the employee’s highest compensation level.

This system gives Florida public service retirees free money – which comes out of the pockets of Florida taxpayers. The DROP Plan **supplements any retirement benefits offered by the Florida Retirement System (FRS) and the Social Security Administration (SSA).** ***Participants may (but are not required to) contribute a portion of their income through payroll deduction each pay period*****.**

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Here’s the “triple dip’’ on that sweet treat/pension “cone”, provided to state employees”. There’s even a cherry on the top!

> 1- The **1ST SCOOP** on that yummy treat is, of course, continued salary; **2ND SCOOP**, Pension WITH INTEREST; AND, **3RD SCOOP**, the employee’s option to choose NOT to pay 3% of their annual income into the fund, as is traditional in other states. Triple dippers don’t pay 3% of their salary into the Florida Retirement system like every other public employee, thus shifting personal responsibility to taxpayers. Employees are guaranteed yearly 3% cost of living (COLA) increase, PLUS a current 13% compound interest in their individual pension accounts.
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> ***Finally, since the Employer Match of the Salary for Triple Dippers is 22.02% (taxpayer paid) these pension cash bonuses are the key driver of higher and higher property taxes. Elimination of the Pension cash bonuses would fund property tax cuts.***
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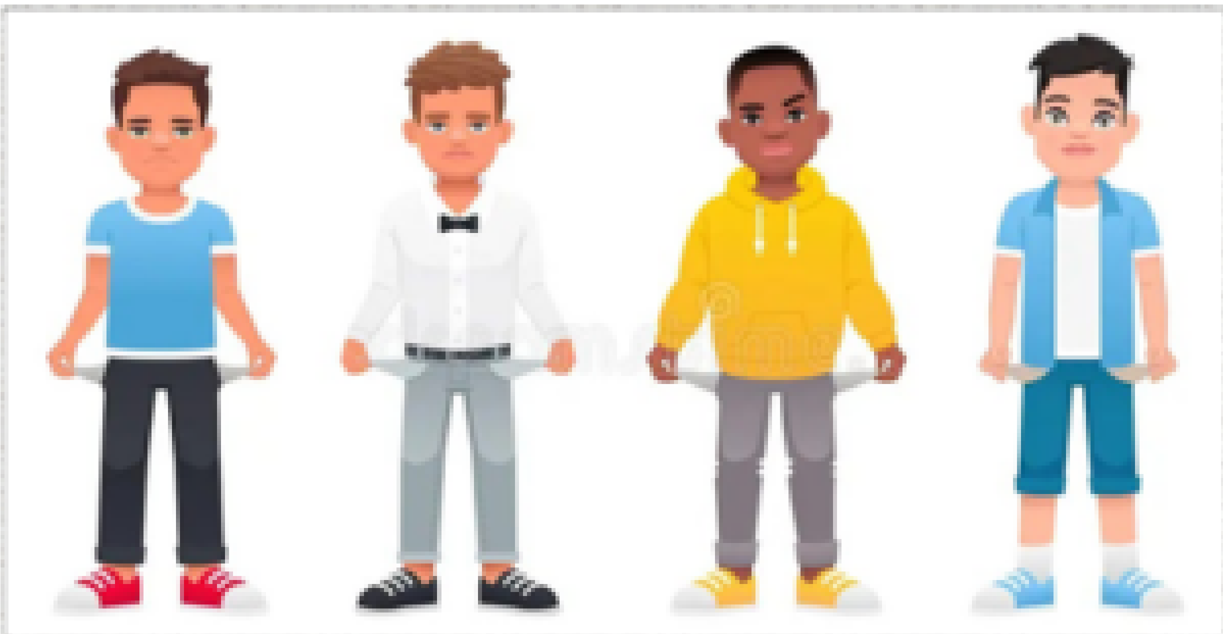
> **2- The Cherry on top: Triple Dippers get to cash out their unused days off at their highest final salary rather than what they were earning at the time the days off were incurred**. According to the TripleDippers.org, the pensioners, (most of whom are over 65) and their surviving spouses get an **8% increase in their social security payments** for each year they delay collecting social security.[Source: SSA.gov]

The people who will be hit the hardest by this self-serving pension plan are state residents living on fixed incomes.

The Governor also is a Triple Dipper, in case you wondered, along with all other elected officials; a few may have opted out, but I can’t find any….

There are 758 public employees in Florida who get over $1 million EACH in pension bonuses – IN ADDITION TO THEIR REGULAR PENSIONS, according to Triple Dippers.org.



Also according to “Triple Dippers” watchdogs, in an article published June 5, 2023, instead of allocating tax funds towards essential infrastructure, education, and tax cuts, the Governor and the legislature chose to bolster the bank accounts of politicians and bureaucrats. . . . These **“Triple Dippers” will now receive 8 years’ worth of pension payments as a lump sum, in addition to lifelong pension and healthcare assistance**. Learn more at www.tripledippers.org. Please click this link! These are the folks that have been watching this happen and raising the issue for a decade! They need everyone’s else’s voices raised in support, especially now, at budget time.

Currently, every man woman and child living in Florida is responsible for $1,680 of the state’s unfunded pension liabilities. Whether or not they can afford it.

For a family of four, that is $6,720.

This is NOT a uniquely “Florida” problem, and residents of other states need to take heed. Here is an interactive map of the other 49, and their issues with pension liabilities. Still, doesn’t make it right. If you notice in the link above, some states do manage to have everything funded.

Several states, like TN have no personal income tax – something Tallahassee likes to brag about – yet the Volunteer State has the third highest funded pension system in the nation, according to Equable.org Check your state. Unfunded government liabilities are often overlooked, but can be crucial to the healthy future of a state. Call your reps!

Meanwhile, DeGov rattles on about property tax relief. Spare me. This accumulation of unfunded debt is going to force Tallahassee into imposing an income tax at the very least. Especially important to residents will be necessary cuts in public safety, corrections and healthcare. Florida citizens, who just took it in their wallets from the power companies, will soon face more and worse.

If Tallahassee had the moral fortitude to take away its own sweet-treat retirement, now funded by its citizens, that property tax relief could become a reality.

I supposed that DeSantis isn’t worried – his term will be over and the mess will fall to others. By the time this house of cards tumbles down on Floridians, DeGov may be off helping the Bush clan, leaving the huge unfunded liability to blow up in Florida’s face

The message here is that, if the state controls the sources of production (political plus goods/services), they control the people. Sound familiar?

“Floridians First”??

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